



**BRAVE CHANGING WORLD:  
INBOUND KEEPING YOU POSTED**

**News & Views #26**

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*It's the week end and you earned it! In this week's selection of our posts, we focus on SPACs (an area where Inbound has unique expertise) and IPOs, the impact of digital in art, challenger banks, 5G and StopCovid in France, microbes in your plate and more!*

*Have a good read!*

*The Inbound Capital team*

*[www.inbound.capital](http://www.inbound.capital)*

**SMALL CAPS**



## SPAC FEVER CROSSING THE POND TO LONDON AND ASIA

The growth of #SPAC #IPOs in the #USA is well documented. By early August 2020 62 SPAC IPO's had been listed, raising \$25.2bn and already surpassing the 59 IPO's thru the entirety 2019. Today #Pitchbook reports the first planned SPAC IPO in London in 2020, suggesting the trend may start to catch-on in #Europe where the SPAC phenomenon is yet to fully arrive.

Despite the dearth of activity we #inboundcapital have a recent unique track record in Europe as a SPAC specialist on the back of the success helping EdTechX reverse into a NASDAQ listed SPAC (METX) in 2018/19 and are now receiving fresh enquiries on the subject from corporates and investors.

In addition to Mariposa Capital's ambitions the FT reports today that Richard Branson is also planning a \$400m vehicle (<https://lnkd.in/dGeXtXZ>) and that Asia is also joining the craze. (<https://lnkd.in/duvvd3>).

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## START-UPS & TECH



## ARTEIA IS ALREADY WHERE THE ART WORLD IS GOING

We knew that Covid 19 changed the art market. It is confirmed by an Art Basel Report which sums up its 6 main impacts: (i) all galleries had to cut staff, (ii) online sales became instantly crucial, (iii) dealers ramped up their digital strategies, (iv) canceled art fairs caused sales to plummet, (v) galleries are tweaking their business models (boosting online sales, cutting costs to create a path to profitability) and (vi) young collectors are optimistic about the future of art buying. What is certain is that things will never be the same (and will be better for the art market!) as online transactions are here to stay: 87 percent of the collectors surveyed said they had visited

galleries' online viewing rooms, and 41 percent had used them to buy. In addition, price transparency is becoming one of the most highly valued features of online viewing rooms. And what is also worth mentioning is that online sales attract new buyers (26% of online sales in the first half of the year). Among them millennials: for 70% of them, the pandemic had enhanced their interest in collecting art. These new trends don't come as a surprise as we highlighted them in our white paper "Art's inevitable digital leap forward" ([https://lnkd.in/ddRc\\_GE](https://lnkd.in/ddRc_GE)).  
[#digitalisation](#) [#arteia](#)

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## UK #CHALLENGERBANKS STILL CHALLENGING

[Allica Bank](#) with fresh £100m raise

Whilst the low interest rate environment largely explains the investor boycott of listed banks, the [#covid19](#) pandemic has become a boon for the plethora of high profile challenger banks that have emerged in the [#UK](#) over the past five years. [Revolut](#) [Monzo Bank](#) have stolen most of the positive headlines in the past but [Starling Bank](#) seems to have been the main winner so far during [#covid19](#) being the only challenger able to offer both [UK government](#) [#CBILS](#) and [#bouncebackloans](#). It has not all been plain sailing, with [Metro Bank \(UK\)](#), the best known high street challenger, still with a share price 98% below the May 2018 high of £40. Peer to peer lending has also had a torrid time with [#Ratesetter](#) being purchased for £2.5m (down from £264m) by somewhat ironically [#MetroBank](#). The fintech sector difficulties do not seem to have dampened appetite with [#WarwickCapital](#) partners leading a new follow-on round for [#AllicaBank](#). Their focus is on the ongoing high demand for low cost credit from SME's to fill the funding gap that [#Covid19](#) has opened up, a subject we [#inboundcapital](#) have regularly commented upon.

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## FINANCE & ECONOMY



### THE HUT GROUP IPO: AT ODDS WITH CURENT TRENDS?

Manchester-based Health and beauty online retailer The Hut Group shares soared 27% on its UK market debut on 16th September to reach £5.4bn market cap despite unusual corporate governance structures. The share is trading today at 577p, still up 15% from IPO.

This market listing seems in contrast with an IPO activity in the UK and Continental Europe that has remained slow this year. The group successfully raised \$2.4bn, the largest amount in the UK since Worldpay in 2015, and the transaction received “multiple levels of oversubscription”. Only coffee group JDE Peet’s has raised more money in Europe this year.

The Hut Group’s corporate governance structures meant however that the company had to pursue a “standard” rather than “premium” listing. They also mean that its shares are ineligible for FTSE indices. Matthew Moulding, who founded Hut Group in 2004, is both chairman and chief executive, putting the company at odds with a 2018 UK code that calls for a separation of the roles. Mr Moulding, who controls companies that will receive around £19m a year in rental income from The Hut Group, has been issued with a “special share” that gives him an effective veto over unsolicited takeovers for 3 years.

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### GENDER DIVERSITY = PROFITABILITY

For the first time last week, a woman, J.Fraser has been appointed CEO of an American Bank:

Citi. Unfortunately, it doesn't mean that we have reached gender equality in the financial services sector and we are far from it! If women account for more than 50% of workforce in financial services at entry level, they represent less than 20% at executive level. The good news is that 90% of financial-services companies are committed to gender diversity. But there is a reason: companies with greater gender diversity perform better. McKinsey's research shows that companies in the top quartile for gender diversity on executive teams are 21% more likely to outperform on profitability and 27% more likely to demonstrate superior value creation! And, companies in the top quartile for ethnic/cultural diversity on executive teams are 33% more likely to have industry-leading profitability. Improved representation of female leaders lead to a more rounded view of customers which is critical in financial services as more than half of women control their household finances, savings and investing. In addition, companies that don't focus on gender diversity are at a disadvantage in the war for talent. So, for their own sake, financial services companies should promote more women! [#genderequality](#)

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## WHAT, ME WORRY? WHY THE FRENCH SHOULD RELAX ABOUT 5G

Articles and debates abound about the 5G-related health concerns vs. Technology benefits, including President Macron saying he doesn't want the French to go Hamish. If wi-fi's availability in public houses is any guide, everyone in France should just relax. Rule of thumb for a tourist going to any French bistrot or cafe: 40% have a half-decent wi-fi (often slow and clunky), 40% have one "but it's sort of whimsical, it doesn't work all the times" (read: it doesn't work at all or is so slow you give up) and 20% don't have one at all (and don't plan to have one EVER). Your brains won't fry anytime soon in France, certainly not because of 5G: come and visit! Tourism is safe at least.

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## WHITE PAPERS & STUDIES



### STOPSTOPSTOPCOVID

Le Canard Enchaîné newspaper reports that the much-heralded StopCovid tracing app is turning into a small but embarrassing disaster - sadly meant to happen as per our April 25 White Paper: <https://lnkd.in/g7TJKDb>. And costly too: the Canard previously reported the an eye-watering budget of c.€3m/year (€200-300K/week) - hats off to whoever got the StopCovid IT account!

Now that cases of infection are on the rise again in France, all eyes are turning to the successful example of Germany (where 16m people have downloaded the app vs. 2.7m for StopCovid) and the €50m German advertising campaign that supported it: will France go down the same marketing path? Lucky again the agency group that will land the budget (French naturellement). Call it throwing bad (taxpayers) money after bad if that happens.

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## LIFESTYLE & OTHER



### POST-COVID WORLD: BELGIAN PASSPORT TURNS INTO GOLDEN TICKET

Has Belgian passport become the most powerful passport in a post-COVID world? Cf. Article in Les Echos... The pandemic has pushed countries to close their borders or impose significant restrictions to certain "at risk" countries, upsetting the classification of "the most powerful passports", allowing travel to many countries without a visa. According to the "Passport Index" website, Belgium has been propelled to the top of the ranking, with 124 countries accessible

without a visa – still vs. 170 countries a year ago. On the other hand, the US passport, previously on the podium, appears to have sharply fallen in the ranking offering access to only 87 countries without a pre-approved visa vs. 171 last year. Even if the passports of European countries were also affected by the pandemic, the fall was less severe. European citizens can generally continue to travel throughout the Schengen area, despite the quarantines imposed by certain countries on arrival, such as the UK, and in general, a European passport allows on average visa-free access to about 120 countries in the world. The French, already ranked 4th in the world in 2019, climbed to 2nd place on the podium. No doubt we should expect more changes next year, but I will not try to forecast...

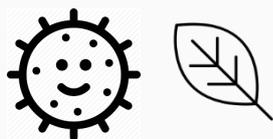
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## **CELEBRITIES BOYCOTT SOCIAL MEDIA... FOR A DAY**

After advertisers, celebrities are boycotting Facebook. And when I say celebrities, it includes Leonardo DiCaprio, Sacha Baron Cohen, Jennifer Lawrence, Katy Perry and the very famous Kim Kardashian... But as for them social media is part of their life (sometimes they don't really know if they live in the real world), the boycott will only last one day! This move is part of the #StopHateforProfit campaign which was organised by civil rights activists and, as Karadashian says, "misinformation shared on social media has a serious impact". The fact that, in June, Facebook said it would label potentially harmful or misleading posts didn't convince anyone and some real action becomes more and more important as American elections are getting closer. If these boycotts don't have a real impact on Facebook figures, \$7.2bn had been knocked off Mr Zuckerberg's personal net worth.... So we believe it's now time for Marc Zuckerberg to take serious measures against false information and hate speech! #socialmedia #fakenews

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## MICROBES PUT TO GOOD USE: SUSTAINABLE FOOD PRODUCTS

What will you have for dinner? Oh! just a plate of microbes..... The fact that Nature's Fynd has just raised \$80m shows that it is more than a mere idea! And that's a good news for people who are waiting for sustainable food to feed an ever growing world population. Nature's Fynd is not working with genetic microbes but with extremophiles-fungal strains (I am not sure to understand exactly what it is!) that can survive in extreme environment that naturally produce a high level of proteins and rather than extracting the protein to make a concentrate, it is producing a whole food ingredient (well, well). The good news with that type of food is that microbes can produce high quality protein with minimum input. Nature's Fynd's ingredient can be used to product cheese, chicken nuggets, beef sliders, etc.....I am not sure that it will be served in 3 stars Michelin restaurants tomorrow but one again it seems a good way to save the planet! [#environment](#) [#sustainability](#)

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## WHY BLOCKBUSTER FAILED: A VALUABLE LESSON FROM NETFLIX

Once upon a time, a very long time ago (20 years!), a very successful company called Blockbuster (no one remembers that name nowadays) refused to buy a startup called Netflix for \$50m..... Blockbuster at the the time was a \$5 billion company operating about 9,000 video stores worldwide. Netflix, by comparison, was running TV spots pitching consumers the concept of DVD movies in the mail. Netflix moved to digital and SVoD and has today more than 193 million paid subscribers worldwide, and a market cap around \$223.5 billion whereas Blockbuster has disappeared. We can guess what would have happened to Netflix if it had been bought by Blockbuster at the time. There are so many ingredients to build a success story and this one shows how digitalisation has dramatically changed some business models.....and that the today's winners are not the same as yesterday's winners! [#ottplatform](#) [#digitaltransformation](#)

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[NEWSLETTER ARCHIVES](#)



Inbound Capital is sole advisor to private company ARTEĪA.

Inbound Capital has acted as fund raising and IPO advisor for EdtechX Holdings and then outsourced IR for EDTX US

**The Inbound Capital team welcomes the arrival of baby Elliott**

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